

Press Metal Aluminium Holdings (PMAH MK)

4Q25: Within Expectations; Price Momentum Supported by Tight Supply And Macro Tailwinds

Highlights

- PMETAL's results are within expectations, backed by strong aluminium prices with relatively low alumina cost.
- We expect a sequentially stronger 1Q26, driven by further strengthening in aluminium prices alongside lower alumina costs.
- We foresee aluminium prices continuing to trend higher, supported by ongoing supply tightness and a favourable monetary policy environment.
- We upgrade our 2026/27 earnings forecasts by 7%/6%, respectively. Maintain BUY with a target price of RM9.78.

4Q25 Results

Year to 31 Dec (RMm)	4Q25	qoq% chg	yoy % chg	2025	yoy % chg
Revenue	4,037.1	(1.0)	13.4	16,199.7	8.7
EBITDA	959.7	2.2	65.6	(777.6)	26.7
EBIT	754.0	2.8	93.8	2,570.0	35.5
PBT	796.4	0.7	46.8	2,864.4	24.5
Net profit	592.1	5.1	33.0	2,100.8	19.3
Core net profit	615.1	7.8	38.0	2,135.6	15.2
Margins (%)		qoq ppt chg	yoy ppt chg		yoy ppt chg
EBIT	18.7	0.7	7.7	15.9	3.1
PBT	19.7	0.3	4.5	17.7	2.2
Core net profit	15.2	1.2	2.7	13.2	0.8

Source: PMETAL, UOB Kay Hian

Analysis

- **Within expectations.** Press Metal Aluminium Holdings (PMETAL) reported 4Q25 core net profit of RM615.1m (+8% qoq, +38% yoy). This brings 2025 core net profit to RM2,135.6m (+15% yoy), accounting for 100%/101% of our and consensus full-year estimates respectively, within expectations. The sequential earnings growth was largely driven by higher aluminium prices (LME aluminium prices: US\$2,828/tonne in 4Q25 vs US\$2,620/tonne in 3Q25) and lower alumina costs, despite lower revenue (-1% qoq) due to a lower USD forex rate. A fourth interim single-tier DPS of 2.0 sen was declared. We expect a sequentially stronger 1Q26, supported by higher aluminium prices and lower alumina costs, with the current alumina-to-aluminium ratio having declined to 10-11% (vs the historical 14-16%).

Key Financials

Year to 31 Dec (RMm)	2024	2025	2026F	2027F	2028F
Net turnover	14,910	16,200	16,764	17,871	19,303
EBITDA	2,784	3,345	3,793	4,204	4,786
Operating profit	2,045	2,570	3,224	3,596	4,141
Net profit (rep./act.)	1,761	2,136	2,593	2,966	3,298
Net profit (adj.)	1,853	2,136	2,593	2,966	3,298
EPS (sen)	22.6	26.1	31.6	36.2	40.2
PE (x)	33.6	29.2	24.0	21.0	18.9
P/B (x)	7.3	6.6	5.6	4.7	4.0
EV/EBITDA (x)	23.9	19.9	17.6	15.9	13.9
Dividend yield (%)	0.9	(1.1)	1.2	1.4	1.6
Net margin (%)	11.8	13.2	15.5	16.6	17.1
Net debt/(cash) to equity (%)	27.8	16.0	12.1	0.9	(10.1)
Interest cover (x)	13.2	25.4	19.2	24.9	34.2
ROE (%)	23.2	23.9	25.2	24.3	22.8
Consensus net profit	-	-	2,464	2,709	-
UOBKH/Consensus (x)	-	-	1.05	1.09	-

Source: PMETAL, Bloomberg, UOB Kay Hian

BUY (Maintained)

Share Price	RM7.60
Target Price	RM9.78
Upside	+28.7%
Previous TP	RM8.10

Analyst(s)

Ku Wei Xiang

weixiang@uobkayhian.com

+603 2147 1916

Desmond Chong

desmondchong@uobkayhian.com

+603 2147 1980

Stock Data

GICS sector	Materials
Bloomberg ticker:	PMAH MK
Shares issued (m):	8,239.6
Market cap (RMm):	62,621.1
Market cap (US\$m):	16,100.0
3-mth avg daily t'over (US\$m):	30.9

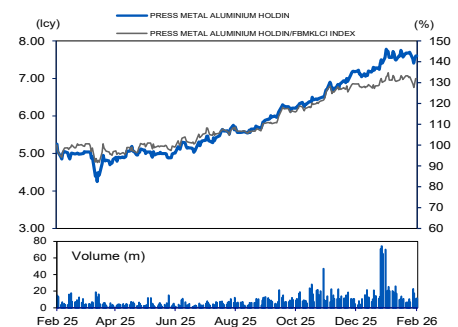
Price Performance (%)

52-week high/low				RM7.83/RM4.14
1mth	3mth	6mth	1yr	YTD
0.5	15.2	35.0	51.4	6.711

Major Shareholders

	%
Alpha Milestone Sdn Bhd	33.7
Employees Provident Funds	7.9
Kumpulan Wang Persaraan Diperbadankan	5.9

Price Chart



Source: Bloomberg

Company Description

Principally involved in the manufacture and trading of primary aluminium and other aluminium-based products.

- **2025 sales jumped 9%** due to higher sales volume and higher all-in aluminium prices (LME aluminium prices: US\$2,632/tonne in 2025 vs US\$2,420/tonne in 2024). Meanwhile, core net profit rose 15% yoy mainly due to lower alumina cost (alumina prices: US\$387/tonne in 2025 vs US\$499/tonne in 2024).
- **Favourable raw material costs continue to support the group's margins.** Notably, there was a sharp yoy drop in alumina prices (at US\$315/tonne in 4Q25 vs US\$691/tonne in 4Q24), which led to an alumina-to-aluminium cost ratio of 11% in 4Q25. The yoy drop in alumina prices was due to the easing of production disruptions and multiple refineries coming on-stream. Based on our sensitivity analysis, every US\$20/tonne reduction in our alumina assumption of US\$399/tonne in 2026 would increase PMETAL's earnings by RM61m, assuming that no hedging is done on a fixed US\$2,850/tonne aluminium price, and vice versa. As of 26 Feb 26, the group had hedged 65% of its aluminium prices at US\$2,750-2,800/tonne for 2026, 50% at US\$2,850-2,900/tonne for 2027, 30% at US\$2,900/tonne for 2028 and 20% at US\$2,900/tonne for 2029.
- **Ongoing supply constraints and weakening of USD continue to support aluminium prices.** LME aluminium prices have risen from US\$2,550-2,650/tonne in Jul 25 to approximately US\$3,170/tonne currently, marking a significant rally since 3Q25, mainly driven by the Federal Reserve's rate cut and the resulting weaker US dollar. Looking ahead, we expect aluminium prices to remain elevated in the near term, supported by: a) supply-side constraints continuing to tighten the market, with China's production capacity capped at 45.5m tonnes, b) the macroeconomic backdrop has turned more favourable, with markets expecting the Federal Reserve to deliver another rate cut, which would lower the opportunity cost of holding commodities and support industrial demand; c) the weaker US dollar resulting from this dovish monetary policy pivot makes dollar-denominated commodities more attractive to international buyers and d) elevated geopolitical uncertainties, which continue to underpin safe-haven and strategic stockpiling demand.

Valuation/Recommendation

- **Maintain BUY with a higher target price of RM9.78, still based on 27.0x rolled-over 2027F PE**, which is its five-year forward PE mean. Should aluminium prices swing from our conservative forecast, based on our sensitivity analysis, every US\$100/tonne increase to our current spot aluminium price assumption of US\$2,850/tonne in 2026 would increase PMETAL's earnings by 11% annually, assuming alumina cost ratio of 14% and carbon anode prices of Rmb6,270/MT.

Earnings Revision/Risk

- We increase our 2026/27 earnings forecasts by 7%/6% respectively, mainly to reflect higher aluminium price assumptions.
- Note that our current LME aluminium price assumptions for 2026/27 are US\$2,850/tonne, and US\$2,900/tonne respectively, vs Bloomberg consensus US\$3,160/tonne and US\$3,132/tonne.

Environmental, Social, Governance (ESG) Updates

Environmental

- Smelting plants use electricity generated predominantly from hydroelectric power.
- To achieve: a) 15/30% GHG reduction by 2025/30 from 2020, b) carbon neutrality by 2050, and c) 10% water withdrawal reduction by 2030 from 2016.

Social

- Established group-wide targets in 2018 to increase women's participation in managerial positions to 30% and increased females in workforce to 20%.
- In 2020, the group recorded zero work fatalities, with 24% of managerial roles held by women and 14% of workforce comprised of females.

Governance

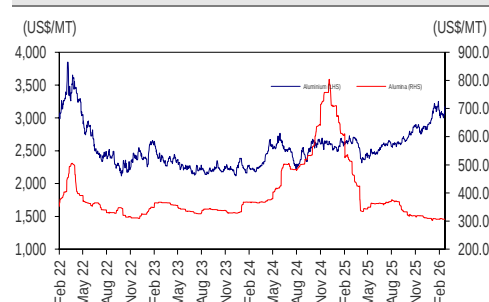
- The company has in place an Anti-Bribery and Anti-Corruption Policy which is in line with Section 17A of the MACC Act 2009.
- There were zero whistleblowing and bribery instances in 2020.

Key Assumptions

Year to 31 Dec	2025	2026F	2027F	2028F
Current assumptions				
Production volume (MT p.a.)	1,080,000	1,080,000	1,090,800	1,090,800
Aluminium spot price (US\$)	2,632	2,850	2,900	2,950
All-in aluminium price (US\$)	2,637	2,920	2,920	3,070
MJP Premium	125	120	120	120
Alumina (US\$/tonne)	387	379	406	413
EBIT margin (%)	15.9	20.3	20.1	21.5
US\$/RM rate	4.30	4.15	4.20	4.30
Effective Tax Rate (%)	14.4	13.0	13.0	13.0

Source: PMETAL, UOB Kay Hian

Aluminium And Alumina Spot Prices



Source: Press Metal, UOB Kay Hian

Sensitivity Analysis

- **Alumina:** Every US\$20/tonne reduction in our alumina assumption of US\$399/tonne in 2026 would increase PMETAL's earnings by RM61m, assuming that no hedging is done on a fixed US\$2,850/tonne aluminium price, and vice versa.
- **Aluminium:** Every US\$100/tonne increase to our current spot aluminium price assumption of US\$2,850/tonne in 2025 would increase PMETAL's earnings by 11% annually, assuming alumina cost ratio of 14% and carbon anode prices of Rmb6,270/MT.

Source: Press Metal, UOB Kay Hian

Profit & Loss

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Net turnover	16,199.7	16,764.3	17,871.1	19,302.8
EBITDA	3,345.5	3,793.0	4,204.1	4,786.3
Deprec. & amort.	775.5	569.1	608.4	645.0
EBIT	2,570.0	3,223.9	3,595.7	4,141.3
Total other non-operating income	34.8	1.0	2.0	3.0
Associate contributions	426.2	587.9	688.9	726.6
Net interest income/(expense)	(131.8)	(197.6)	(168.8)	(140.0)
Pre-tax profit	2,899.2	3,615.1	4,117.7	4,730.8
Tax	(357.2)	(470.0)	(535.3)	(615.0)
Minorities	(406.4)	(552.5)	(616.7)	(817.5)
Net profit	2,135.6	2,592.7	2,965.7	3,298.4
Net profit (adj.)	2,135.6	2,592.7	2,965.7	3,298.4

Cash Flow

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Operating	3,348.2	2,270.0	3,437.7	3,828.5
Pre-tax profit	2,899.2	3,615.1	4,117.7	4,730.8
Tax	(357.2)	(470.0)	(535.3)	(615.0)
Deprec. & amort.	775.5	569.1	608.4	645.0
Associates	(426.2)	(587.9)	(688.9)	(726.6)
Working capital changes	76.8	(1,054.0)	(233.0)	(345.8)
Other operating cashflows	380.1	197.6	168.8	140.0
Investing	(1,570.1)	(1,150.0)	(1,150.0)	(1,150.0)
Capex (growth)	(1,618.4)	(1,150.0)	(1,150.0)	(1,150.0)
Investments	468.6	1,056.5	1,745.4	2,398.1
Others	(425.2)	(1,056.5)	(1,745.4)	(2,398.1)
Financing	(561.7)	(1,575.5)	(1,658.6)	(1,729.6)
Dividend payments	(827.2)	(777.8)	(889.7)	(989.5)
Proceeds from borrowings	651.4	0.0	0.0	0.0
Loan repayment	(700.0)	(600.0)	(600.0)	(600.0)
Others/interest paid	314.0	(197.6)	(168.8)	(140.0)
Net cash inflow (outflow)	1,216.3	(455.5)	629.2	949.0
Beginning cash & cash equivalent	1,431.8	2,620.3	2,167.8	2,945.6
Changes due to forex impact	(105.0)	3.0	0.0	0.0
Ending cash & cash equivalent	2,543.0	2,167.8	2,797.0	3,894.6

Balance Sheet

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Fixed assets	7,839.8	8,420.6	8,962.2	9,467.2
Other LT assets	3,719.9	4,307.8	4,996.7	5,649.3
Cash/ST investment	2,620.3	2,167.8	2,797.0	3,894.6
Other current assets	4,994.2	5,751.7	6,045.1	6,505.2
Total assets	19,174.1	20,648.0	22,801.0	25,516.3
ST debt	1,014.0	714.0	414.0	114.0
Other current liabilities	2,215.0	1,918.5	1,978.9	2,093.1
LT debt	3,103.7	2,803.7	2,503.7	2,203.7
Other LT liabilities	1,335.2	1,335.2	1,335.2	1,335.2
Shareholders' equity	9,369.7	11,184.6	13,260.6	15,612.7
Minority interest	2,139.5	2,692.0	3,308.7	4,157.7
Total liabilities & equity	19,177.1	20,648.0	22,801.1	25,516.3

Key Metrics

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	20.7	22.6	23.5	24.8
Pre-tax margin	17.9	21.6	23.0	24.5
Net margin	13.2	15.5	16.6	17.1
ROA	11.9	13.0	13.7	13.6
ROE	23.9	25.2	24.3	22.8
Growth				
Turnover	8.7	3.5	6.6	8.0
EBITDA	20.2	13.4	10.8	13.8
Pre-tax profit	26.0	24.7	13.9	14.9
Net profit	21.2	21.4	14.4	11.2
Net profit (adj.)	15.2	21.4	14.4	11.2
	15.2	21.4	14.4	11.2
Leverage				
Debt to total capital				
Debt to equity	26.3	20.2	15.0	10.5
Net debt/(cash) to equity	43.9	31.5	22.0	14.8
Interest cover (x)	16.0	12.1	0.9	(10.1)

IMPORTANT NOTICE - DISCLOSURES AND DISCLAIMERS

This report is provided subject to various disclosures and disclaimers (the "Disclosures / Disclaimers") which form an integral part of this report and are available at the following link:
<https://research-api.uobkayhian.com/assets/disclaimer/df64a6ea-7980-447c-ae9e-fd19b93257dc> or by scanning the QR code below:



The Disclosures / Disclaimers contain important information, including without limitation, (a) exclusions of liability, (b) confidentiality obligations, (c) restrictions on publication, circulation, reproduction, distribution and use of the report, (d) potential conflicts of interest, and (e) disclosures and requirements specific to recipients in the United States and other applicable jurisdictions.

Specifically, this report is intended for general circulation and informational purposes only and does not take into account the specific investment objectives, financial situation, or particular needs of any individual person. It is not intended to constitute personal investment advice or a recommendation to buy or sell any investment product or security. You should independently evaluate the information and, where necessary, seek advice from a qualified financial adviser regarding the suitability of any investment, taking into account your specific objectives, financial situation and needs, before making any investment decision. Analyst certifications required under applicable regulations, including SEC Regulation AC (where relevant), are included in this report.

Recipients of this report must carefully read, review and understand the full Disclosures / Disclaimers before using or relying on any information in this report. By accessing, receiving or using this report, you acknowledge and confirm that you have read, understood, accepted and agreed to be bound by the Disclosures / Disclaimers (as may be amended or updated from time to time) in full."